

STATE SENATOR • MARK SCHAUER • 19TH DISTRICT

Schauer Press Release



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Legislators protect consumers from gas price volatility by introducing the Michigan Petroleum Marketing Stabilization Act

Measure receives bipartisan support to encourage free and fair competition among retailers to stabilize consumer fuel costs by eliminating predatory pricing

LANSING – State Sen. Mark Schauer (D-Battle Creek), State Rep. Charlie LaSata (R-St. Joseph) and a bipartisan coalition of legislators today joined officials and members of the Michigan Petroleum Association and Michigan Association of Convenience Stores (MPA/MACS) and the Service Station Dealers Association (SSDA) to announce the introduction of the *Michigan Petroleum Marketing Stabilization Act* in the state Legislature.

“The Petroleum Marketing Stabilization Act protects Michigan consumers and levels the playing field amongst fuel retailers by keeping fuel costs low in the long run,” Sen. Schauer said.

Rep. LaSata said: “In light of uncertain economic times and wildly fluctuating gas prices throughout our state, it is vitally important to stabilize the price of fuel. This will keep costs down and keep more money in the hands of the citizens who earned it. This act will improve Michigan’s business climate and lead to a brighter economic future for all of our state’s citizens.”

The measure would stabilize gas prices benefiting Michigan consumers by prohibiting predatory pricing and limiting the amount a retailer could charge above the wholesale price. Predatory pricing is the practice of selling a product at retail below the wholesale cost for the purpose of driving out competition. The proposed act would help ensure free and fair competition between small, independent, locally owned gas stations and huge out-of-state owned retailers – competition, which in the long run, provides customer choice and lower fuel costs. About 20 other states have adopted similar legislation.

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Many major fuel retailers sell fuel at a price that is often far below wholesale cost to discourage and eventually eliminate competition from smaller, independent gas stations. Predatory pricing will eventually eliminate most of Michigan's independent gas stations, which will allow major retailers to sell fuel at a much higher price.

Legislators say the *Michigan Petroleum Marketing Stabilization Act* is also needed because:

- Due to predatory pricing practices, small independent fuel retailers in Michigan are not able to effectively compete, and cannot afford the losses they must take on the fuel they sell to their customers;
- Over time, predatory pricing activities will severely reduce and eventually eliminate most of Michigan's independent gas stations, which will allow major retailers to sell fuel at a much higher price;
- Other independent industries in Michigan – such as shoe retailers, hardware stores, pharmacies and other entities – have fallen victim to similar tactics, which has effectively crippled the communities containing those industries;
- Michigan's independent fuel retailers deserve the same type of protection from predatory pricing tactics as retailers in other states;
- Current laws do not adequately address negative issues regarding pricing and competitiveness in fuel sales at the state level;
- Small independent fuel retailers in Michigan quite often are struggling to pay their employees even the minimum wage to collect money from fuel sales because of losses; and
- Many small independent gas stations that once contributed greatly to the economic growth of local communities through charitable giving, employment and other benefits have had to reduce or eliminate those efforts, which are largely not being replaced by major fuel retailers.

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